

**GOVERNMENT OF INDIA
COMMUNICATIONS
LOK SABHA**

UNSTARRED QUESTION NO:3194
ANSWERED ON:13.08.2001
NON-RECOVERY OF SERVICE TAX
RAGHUNATH JHA;SHEESH RAM SINGH RAVI

Will the Minister of COMMUNICATIONS be pleased to state:

(a) whether due to failure of Department of Telecommunications (DoT) to circulate the clarification regarding charging of service tax on speech circuits, PBX, non-exchange lines etc. it resulted in non-recovery of service tax to the tune of crores of rupees in telecom units in Chennai, Bangalore, Bhopal, Rajasthan and Punjab;

(b) if so, the reasons therefor; and

(c) the reaction of the Government thereto?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS (SHRI TAPAN SIKDAR)

(a) to (c): The facts of the case are as follows. The DOT had issued instruction to its units in July, 1994 communicating the orders of the Ministry of Finance regarding the imposition of service tax on `telephone connections`.

About two years later, two units of DOT sought a clarification on whether service tax was applicable on voice services like speech circuits, non-exchange lines, PBXs, etc. This was clarified to them in the affirmative.

It was however learnt subsequently that the units of DOT in Chennai, Bangalore, Bhopal, Rajasthan and Punjab had not recovered service tax on these services to the extent of about Rs. two crores. Suitable clarifications and directions in the matter were accordingly issued to these as well as all the other units.

The units named above have since recovered over 90% of the short-billed amount, and the balance is being actively pursued by them for recovery.